

UNDERPAYMENT OF ESTIMATED INCOME TAX

Issued under the authority of the Income Tax Act of 1967, as amended. Attach to your MI-1040 or MI-1041.

Round all money items to whole dollars.**MI-2210****1999**

1. For 1999 or taxable year beginning _____, 1999 and ending _____.

2. First Name, Middle Initial and Last Name (if joint, use first names and initials of both)

3. Your Social Security Number

Treasury can now compute your interest for you. See instructions before completing this form.

Before completing Part 1, add MI-1040 lines 32, 33 and 34. Subtract this sum from MI-1040, line 27. If the result is \$500 or less, do not complete this form.

For MI-1041, subtract line 22 from line 21. If the result is \$500 or less, do not complete this form.

4. Spouse's Social Security Number

PART 1: ESTIMATED TAX REQUIRED FOR THE YEAR

5. Enter 1998 tax. Subtract the sum of MI-1040 lines 29 and 30 from line 25. (Fiduciaries, see inst.) 5. _____ .00

6. Enter 1999 tax. Subtract MI-1040 lines 32 and 33 from line 27. (Fiduciaries, see inst.) 6. _____ .00

7. Multiply amount on line 6 by 90% (.9) 7. _____ .00

8. Compare the amount on lines 5 and 7. Enter the smaller number 8. _____ .00

PAYMENT DUE DATES

9. Required quarterly estimate. Divide the amount on line 8 by 4. Enter in each column 9.

CAUTION: If you annualize, enter amount from worksheet line 16**COMPLETE LINES 10 - 22 ONE COLUMN AT A TIME.**

10. Estimated tax paid and withheld. (For column A only, enter the amount from line 10 on line 14.) 10.

11. Enter amount, if any from line 17 of the previous column 11.

12. Add lines 10 and 11 12.

13. Add the amounts on lines 15 and 16 of the previous column and enter the result here 13.

14. Subtract line 13 from line 12. If zero or less, enter zero (For column A only, enter the amount from line 10.) 14.

15. Remaining underpayment from previous period
If the amount on line 14 is zero, subtract line 12 from line 13 and enter the result here 15.

16. UNDERPAYMENT. If line 9 is greater than or equal to line 14, subtract line 14 from line 9 and enter the result. Then go to line 10 of the next column. Otherwise, go to line 17 16.

17. OVERPAYMENT. If line 14 is greater than line 9, subtract line 9 from line 14 enter here. Then go to line 10 of next column 17.

PART 2: FIGURING THE INTEREST

18. Underpayment from line 16 18.

Rate Period 1: 9.5%. April 15, 1999 - June 30, 1999

19a. Computation starting date for this period 19a.

b. Number of days from date on line 19a to the date line 18 was paid or June 30, 1999, whichever is earlier.

If June 30 is earlier, enter 76 and 15 respectively 19b.

c. .0002603 x days on line 19b x underpayment on line 18 19c.

Rate Period 2: 8.8%. July 1, 1999 - Dec. 31, 1999

20a. Computation starting date for this period 20a.

b. Number of days from date on line 20a to the date line 18 was paid or December 31, 1999 whichever is earlier.

If Dec. 31 is earlier, enter 184, 184 and 107 respectively 20b.

c. .0002411 x days on line 20b x underpayment on line 18 20c.

Rate Period 3: 8.9%. Jan. 1, 2000 - June 30, 2000

21a. Computation starting date for this period 21a.

b. Number of days from date on line 21a to the date line 18 was paid or April 17, 2000, whichever is earlier.

If April 17 is earlier, enter 108, 108, 108 and 90 respectively 21b.

c. .0002438 x days on line 21b x underpayment on line 18 21c.

22. Interest. Add amount on lines 19c, 20c and 21c in all columns

Enter the total interest here and on the appropriate line on your MI-1040 or MI-1041 22. _____ .00

PART 3: FIGURING THE PENALTY

		A April 15, 1999	B June 15, 1999	C Sept. 15, 1999	D Jan. 18, 2000
23. Underpayment (see instructions)	23.	.00	.00	.00	.00
24. Enter 25% (.25) or 10% (.10) (see instructions)	24.	%	%	%	%
25. Multiply amount on line 23 by line 24	25.	.00	.00	.00	.00
26. TOTAL PENALTY. Add line 25, column A - D. Enter total penalty in appropriate space on the pay line of your MI-1040 or MI-1041	26.				.00
27. Add lines 22 and 26. This is your total penalty and interest to be added to your tax due	27.				.00

This form computes penalty and interest for estimate vouchers to the date of payment or April 17, 2000, whichever is earlier. Additional penalty and interest for late filing accrues on your annual return from April 17 to the date of payment.

ANNUALIZED INCOME

Taxpayers who receive income unevenly during the year (for example, from a seasonal business, capital gain, severance pay or bonus) may benefit by completing this worksheet. If you use this method, you must annualize for the entire year by completing all four columns.

If you choose to annualize your income, you must attach this worksheet and a completed MI-2210 to your tax return (see General Instructions, next page.)

As you complete the worksheet remember the following.

Line 1 must be the year-to-date total for each period in the appropriate column. Each column is an accumulating total and should include the amount from the previous column plus any additional income earned to date. The last column should equal the amount on your MI-1040, line 14.

Example: You earned \$5,000 in the first three months of the year. You earned an additional \$4,000 during April and May. Enter on worksheet line 1, \$5,000 in the first column and \$9,000 in the second column.

Each entry on worksheet line 12 will be MI-2210, Part 1, line 8 divided by four regardless of how the income is earned. If you add worksheet line 16 across the columns, the sum should equal the total shown on MI-2210, line 8.

Taxpayers who annualize must also enter 25 percent of tax withheld in each column of the MI-2210, line 10 or submit documentation to substantiate uneven distribution of withholding.

ANNUALIZED INCOME WORKSHEET (Complete one column at a time.)

Line numbers refer to this worksheet unless another form is listed. **Estates and trusts** do not use the period ending date shown to the right. Instead, use the following: 2/28/99, 4/30/99, 7/31/99 and 12/1/99.

		First 3 mos. 1-1 to 3-31-99	First 5 mos. 1-1 to 5-31-99	First 8 mos. 1-1 to 8-31-99	All 12 mos. 1-1 to 12-31-99
1. Enter the total income subject to tax (reported on your 1999 MI-1040, line 14) that is attributable to each period in the corresponding column	1.				
2. Annualization amounts	2.	4	2.4	1.5	1
3. Annualized income. Multiply line 1 by line 2	3.				
4. Enter your total exemption allowance (MI-1040, line 15)	4.				
5. Subtract line 4 from line 3	5.				
6. Multiply line 5 by 1999 tax rate of 4.4% (.044)	6.				
7. Enter the sum of your 1999 MI-1040 credits from lines 26, 32 & 33	7.				
8. Subtract line 7 from line 6 (if zero or less, enter "0")	8.				
9. Multiply amount from line 8 by 22.5% (1st period), 45% (2nd period), 67.5% (3rd period) and 90% (4th period). Enter the results in each column	9.	(line 8 x 22.5%)	(line 8 x 45%)	(line 8 x 67.5%)	(line 8 x 90%)
10. Enter combined amounts from line 16 of all previous columns	10.				
11. Subtract line 10 from line 9. If less than zero, enter zero "0"	11.				
12. Divide the amount on MI-2210, Part 1, line 8 by four and enter the result in each column	12.				
13. Enter the amount from line 15 of the previous column	13.				
14. Add lines 12 and 13	14.				
15. Subtract line 11 from line 14. If less than zero, enter zero "0"	15.				
16. Enter the smaller of lines 14 or 11 here and on MI-2210, line 9	16.				

GENERAL INSTRUCTIONS

Use this form to see if you owe penalty and interest for failing to make estimated payments or for underpaying the estimated tax due. You can be charged interest (and possibly penalty) if your payment was low or late in any quarter. This is true even if you are due a refund when you file your tax return. The interest and penalty are figured separately for each due date. So you could still owe interest and penalty even if you made up an earlier underpayment with an overpayment later.

Because this is a complicated form, you may choose to have Treasury compute your interest and penalty and send you a bill instead of filing the form yourself. If you want Treasury to figure your interest, complete your MI-1040 form as usual, leaving the interest line blank and do not attach form MI-2210. Interest computed on this form and penalty charged for failing to file or underpaying estimates will be the same regardless of whether you pay with your return or if Treasury bills you.

If you annualize your income, you **must** complete the MI-2210 form and the annualization worksheet, and attach them to your Michigan annual tax return (individual or fiduciary). Individual income tax filers must check the box on MI-1040, line 37a and enter the amount of interest computed on that line. Fiduciary income tax filers must check the box on MI-1041, line 26 and enter the amount of interest computed on that line.

You may avoid penalty and interest and should not file this form if:

1. You had no tax liability for 1998 (if you had to file), or you were not required to file a 1998 return and your 1998 federal tax return was for a full 12 months.
2. The total tax on your 1999 return minus the amount you paid in withholding and all your credits is \$500 or less.
3. The amounts of tax withheld and timely estimated tax payments made in equal installments equal at least 90 percent of the tax due in 1999 or 100 percent of the tax due in 1998, unless the installment due in any period is paid later than the due date of that installment.
4. No penalty is charged if estimates were not required in the immediately preceding year, however interest may still be due.

Special rules for farmers, fishermen and seafarers.

Do not file this form if BOTH of these apply:

1. Your gross income from farming, fishing or seafaring is at least 2/3 of your annual gross income for 1998 or 1999, **AND**
2. You filed your MI-1040 and paid the entire tax due by March 2, 2000.

If you need to file estimated tax, request a 2000 Michigan estimated income tax formset (MI-1040ES for individuals, MI-1041ES for fiduciaries), by calling 1-800-FORM-2-ME (367-6263). Forms are also available from your local Treasury field office.

LINE-BY-LINE INSTRUCTIONS

Before completing Part 1, add MI-1040 lines 32, 33 and 34. Subtract this sum from MI-1040, line 27. If the result is \$500 or less, do not complete this form. For MI-1041 subtract line 22 from line 21. If the result is \$500 or less, do not complete this form.

FISCAL-YEAR FILERS: Change due dates and interest rates to correspond with your tax year.

Part 1. FIGURING THE UNDERPAYMENT

Line 5: Figure your 1998 tax from your 1998 return. On the MI-1040 form, subtract the sum of lines 29 and 30 from line 25 and enter here. Fiduciaries, enter the amount from MI-1041, line 21.

Line 6: Figure your 1999 tax. On the MI-1040 form, subtract the total of lines 32 and 33 from line 27 and enter here. Fiduciaries, enter the amount from MI-1041, line 21.

Line 9: If you did not receive your income evenly throughout the year, you may annualize your income. See the instructions and worksheet on this form. The sum of the four installments must equal the lowest of:

- 90 percent of the tax shown on your 1999 tax return,
- 100 percent of the tax shown on your 1998 tax return, OR
- 105 percent of the tax shown on your 1998 return if AGI was \$150,000 for joint filers or \$75,000 for single filers.

Line 10: Enter the estimated tax payments you made plus any withholding. Note:

- One-fourth of your total withholding is considered paid on each due date unless you can document the dates the tax was withheld.

(Continued on back.)

- An overpayment from 1998 that has been credited forward to 1999 will be applied to the first installment.
- Do not enter extension payments on this form.

In column A, enter the estimated tax payments made by April 15, 1999 that were for the 1999 tax year. In column B, enter payments made after April 15 and through June 15, 1999. In column C, enter payments made after June 15 and through September 15, 1999. In column D, enter payments made after September 15, 1999, and through January 18, 2000. Extension payments or other payments received after January 18 are not considered estimate payments.

Part 2. FIGURING THE INTEREST

The MI-2210 computes interest to April 17, 2000 or the date of payment, whichever is earlier. This part of the form breaks down underpayments to the payment period they are due, then gives the interest rate for that period. Interest is figured for the number of days the installment remained unpaid. All payments are applied to any underpayment first, regardless of when the payment is received. The balance (if any) is applied to the next period.

Lines 10-22: Complete all of these lines for column A before going to column B, etc. You need only complete each column to the date the payment was made. If the total underpayment for any payment period was not paid off with one payment, you may need to do several calculations in each column.

Example: Your tax due each period is \$2,000. You have an underpayment of \$1,000 for the first period (due April 15). On June 10 you send \$2,000 to pay the second installment. But, \$1,000 of this payment goes toward your \$1,000 underpayment first. Interest is computed on \$1,000 from April 15 to June 10 (56 days). The remaining \$1,000 is applied to your second installment payment, creating a second period underpayment of \$1,000.

Interest will continue to accrue on this \$1,000 until another payment is received.

Interest rates are set by Treasury twice each year for six-month periods starting January 1 and July 1. The rate is 1 percent above the prime rate in Michigan. For example, if the Michigan prime rate is 10.2 percent, your interest rate for completing the MI-2210 is 11.2 percent for that six-month period. For current interest rates, request *Revenue Administrative Bulletin 1999-6*.

Part 3. FIGURING THE PENALTY

Penalty is 25 percent of the tax due for failing to file estimated payments, or 10 percent for failing to pay enough with your estimates or paying late.

Line 23: The underpayment for the penalty charge is figured in the same general way as the underpayment for interest.

Exceptions:

- Payments are applied in the quarter they are received.
- If an overpayment occurs in any quarter, the overpayment amount is carried forward to the next quarter and applied as a timely payment.
- Payments are not carried back to offset underpayments in previous quarters.

The amount on line 23 cannot be less than zero (0).

Line 24: Enter 25 percent if estimated tax payments were not made for 1999. Enter 10 percent if estimated tax payments were made for 1999.

Example: In the example in Part 2, the \$2,000 payment received on June 10 is applied to the \$2,000 required payment in the second quarter. The penalty in the first quarter is \$100 (10 percent of the \$1,000 underpayment in the first quarter). The penalty in the second quarter would be zero (0).